

Message Text

UNCLASSIFIED

PAGE 01 HONG K 04182 140719Z
ACTION TRSE-00

INFO OCT-01 EUR-12 EA-09 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01
/079 W

-----141004Z 065952 /20

R 140431Z APR 77
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 4496
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY LONDON
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE
AMEMBASSY TAIPEI

UNCLAS HONG KONG 4182

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A
TAGS: EFIN, HK
SUBJECT: INTEREST RATE REDUCTIONS IN HONG KONG

1. LEADING HONG KONG BANKS AGAIN LOWERED THEIR DEPOSIT AND
LENDING RATES ON APR 13. THE LATEST REDUCTION TAKES THE
PRIME LENDING RATE DOWN BY 3/4 PER CENT TO 4 3/4 PER CENT.
RATE ON 12-MONTH DEPOSIT REDUCED BY 1 PERCENT TO 3 PER CENT,
AND 6-MONTH DEPOSIT REDUCED 3/4 PER CENT TO 2 1/4 PER CENT
PASSBOOK SAVINGS RATE UNCHANGED AT 1 3/4 PER CENT.

2. THESE REDUCTIONS CONTINUE DOWNWARD TREND WHICH HAS TAKEN
PLACE BY STEPS FROM HIGHS OF JULY 1974, WHEN, E.G., 12-MONTH
DEPOSIT RATE WAS 10 1/4 PERCENT. LAST PREVIOUS MOVE WAS ON
JANUARY 8, 1977, WHEN, E.G., 12-MONTH DEPOSIT RATE WAS REDUCED
FROM 5 TO 4 PERCENT.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HONG K 04182 140719Z

3. NEWS REPORTS ATTRIBUTE THE REDUCTION TO RECENT INFLOWS
OF HOT MONEY FROM THAILAND AND ELSEWHERE IN THE REGION.
HOWEVER, BANKING SOURCES HERE DISCOUNT THIS AND SAY THAT THE

DOWN TREND IS CONTINUING RESULT OF HIGH LIQUIDITY IN THE
MARKET, WHICH HAS LED TO INTENSE COMPETITION AMONG BANKS FOR

LOANS. CONTRIBUTING FACTOR IS PROBABLY DESIRE ON PART OF
FINANCIAL COMMUNITY AND AUTHORITIES HERE TO DAMPEN
STRENGTH OF HONG KONG DOLLAR. THE EXCHANGE RATE IN FACT
RESPONDED TO INTEREST RATE CHANGES, AS U S DOLLAR ROSE
YESTERDAY FROM HK\$4.618 TO HK\$4.631.
CROSS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HONGK04182
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770129-0601
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770458/aaaabyih.tel
Line Count: 68
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7b2cb2a5-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2809609
Secure: OPEN
Status: NATIVE
Subject: INTEREST RATE REDUCTIONS IN HONG KONG
TAGS: EFIN, HK
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/7b2cb2a5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009